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Tuesday, October 7, 2008

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DealBook

Edited by Andrew Ross Sorkin

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JOBS

Cerberus Seeks to Buy Daimler's Chrysler Stake

September 24, 2008, 4:51 pm

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Cerberus Capital Management, the private equity firm that acquired a controlling stake in **Chrysler** last year, is seeking to buy the 19.9 percent of the struggling American car maker it does not already own from Germany's **Daimler**.

If completed, a deal would see Daimler finally shed its remaining holdings in Chrysler, crasing the remnants of the ill-fated marriage between the maker of Mercedes-Benz and the maker of the Jeep and Dodge brands.

The news was first reported by Manager Magazin, a German magazine. Cerberus, which confirmed the news, did not give a timeline or a value for the stake.

Cerberus has labored to turn around Chrysler, which has been struggling the most of the big three Detroit car makers amid higher gas prices and a shift by American consumers toward smaller, more fuel-efficient vehicles.

Daimler's decision to explore selling its stake marks something of an about-face for its chief executive, Dieter Zetsche. In August 2007, shortly after the sale of Chrysler to Cerberus took place, he said his company had "no intention whatsoever" to divest its Chrysler stake.



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Mr. Zetsche, who ran Chrysler from 2000 to 2005, said at the time, "We have two main interests, one being a successful future for Chrysler and the other being the continuation of close cooperation where it makes sense. Both can be supported by this stake."

31 comments so far...

1. September 24th, 2008 5:09 pm
Whaaat??? They want to buy the rest of Chrysler?! I... I'm at a loss for words. I literally can't believe that.
— Posted by Dan Daoust
2. September 24th, 2008 5:32 pm
who are we kidding here? Cerberus is not out to build cars, they are out to turn this company in as attractive a sale as possible, and hopefully make a nice premium on their investment. I'm convinced that ten years from now Chrysler will be happily owned by an Asian (probably chinese) manufacturer and cerberus will no longer be in the car business.
Whether americans will still be able to afford buying cars in 10 years, is a different story. ;o)
— Posted by Glinck
3. September 24th, 2008 5:42 pm
Hmmm... I thought there was a "credit crunch" that was destroying the world as we know it. Seems there is still some capital circulating.
— Posted by Janet
4. September 24th, 2008 6:22 pm
My personal belief, as a retired Chrysler employee, is that it is important that a close working relationship be maintained with Daimler, a leader in automobile technology and a link to the European market.
— Posted by Larry Selby
5. September 24th, 2008 6:22 pm
It is easier to sell something you own 100% of. What does this mean for the future of our company?
— Posted by Concerned Chrysler Dealer
6. September 24th, 2008 6:36 pm
So on the same day the bill with a \$25,000,000,000 loan for the automakers is passed, Cerberus announces they want to buy out Daimler's remaining 20% stake?!? Gee, I wonder where they will get the money?
"I'm as mad as hell, and I'm not going to take this anymore!"
— Posted by Josh
7. September 24th, 2008 6:44 pm
There are unintended consequences to every law that gets passed. The simpler this bailout bill is the better.
— Posted by john e. fischer

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